

MINUTES

VIRGINIA SMALL BUSINESS FINANCING AUTHORITY BOARD OF DIRECTORS MEETING - LOAN BUSINESS

July 19, 2006 - 12:00 P.M.

**Eighth & Main Building, 3rd Floor Conference Room
Richmond, Virginia**

- I. Voting members present: Andy Brownstein, Leon Moore, Hattie Hamlin, the Honorable J. Braxton Powell, Jack Stephens, Michael Joyce, and Pallabi Saboo.
Others present: Lynda Sharp Anderson, Scott Parsons, J. Jasen Eige (Senior Assistant Attorney General), Barbara Carter, Mary Jo Sisson-Vaughan, Patty Thorne, and Anna Mackley Cobb.
- II. Approval of Minutes - On a motion by Jack Stephens, seconded by Leon Moore, the minutes of the April 19, 2006, Board of Directors Meeting - Loan Business, were unanimously approved.
- III. 501 (c) (3) Bond Applications
 - A. Virginia Historical Society - City of Richmond - \$7,000,000. Anna Mackley Cobb presented to the Board this request for 501 c 3 bonds to refund the outstanding principal balance of a 1996 bond issued through the Industrial Development Authority of the City of Richmond. On a motion by Leon Moore, seconded by Braxton Powell, the Board of Directors adopted a resolution authorizing the issuance of 501 (c) (3) bonds to refund the principal balance of a bond issue originally issued in 1996 by the IDA of Richmond. (Ms. Hamlin abstained from the vote.)
 - B. Community Residences, Inc. and Community Havens, Inc. - Fairfax County - \$12,000,000. Mary Jo Sisson-Vaughan presented to the Board this application for 501 (c) (3) bonds to refinance existing debt.
 - C. Shenandoah University - City of Winchester - \$1,800,000. Anna Mackley Cobb reviewed for the Board a resolution for first amendment to note purchase and loan agreement. On a motion by Leon Moore, seconded by Pallabi Saboo, the Board of Directors unanimously approved a resolution to amend the note purchase and loan agreement for Shenandoah University.

IV. PUBLIC HEARING

- A. Community Residences, Inc. and Community Havens, Inc. - Fairfax County - \$12,000,000 501 (c) (3) Bond. On a motion by Braxton Powell, seconded by Jack Stephens, the Board of Directors unanimously adopted an inducement resolution authorizing issuance of 501 (c) (3) bonds to refinance existing debt at an annual cost savings of approximately 200 basis points.
- V. Ratification of Virginia Capital Access Program Claim - On a motion by Leon Moore, seconded by Jack Stephens, the Board of Directors unanimously approved the ratification of the payment of a claim under the Virginia Capital Access Program for the benefit of Powell Valley National Bank.
- VI. Board Review and Ratification of Loans Approved/Declined by Staff - On a motion by Leon Moore, seconded by Jack Stephens, the loan decisions of \$500,000 or less approved/declined by staff for March and June 2006 were unanimously ratified.
- VII. Allocation of Funds - Scott Parsons requested of the Board its opinion as to how the funds appropriated to VSBFA for fiscal year 2007 should be allocated. Mr. Parsons recommended that \$500,000 be placed in the Small Business Growth Fund and the remaining amount be deposited into VSBFA's account with the Local Government Investment Pool (LGIP) which will allow the ability to do direct lending again in non-EDA defined areas. The Board proceeded to discuss some alternatives for use of the funds (i.e., PIK notes, more financing to technical companies, debt with warrants, etc.). Mr. Parsons then presented to the Board a resolution authorizing the allocation of fiscal year 2007 general fund appropriations to the Virginia Small Business Growth Fund (a.k.a. the Virginia Capital Access Program) and the Local Government Investment Pool account. On a motion by Leon Moore, seconded by Pallabi Saboo, the Board of Directors unanimously approved the resolution to allocate funds as recommended.
- VIII. Economic and Workforce Development Public Meetings - Elizabeth Moran, director of legislative affairs for the Department of Business Assistance, spoke to the Board about the Governor's Economic Development and Workforce Development public meetings in a roundtable format which are a part of the Governor's strategic plan. Board members were encouraged to attend the meetings which are being held around the state to acquire input from businesses which will be used to help develop the plan. The goal is to present

the full plan at the September VEDA meeting. For those who cannot attend the meetings, there is an address for them to submit any comments.

- IX. Update on Alternative Funding Programs - Scott Parsons updated the Board on VSBFA's two alternative funding programs with the Minnesota-based nonprofit organization, Community Reinvestment Fund. The Virginia Community Reinvestment Fund and New Markets Tax Credits programs give the Authority the ability to lend statewide after losing the state funds. The Board received copies of new brochures that outline the terms and fees for both programs.

- X. The meeting was adjourned.